

VZCZCXRO2763

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FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC 2797
INFO RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 5181
RUEHBJ/AMEMBASSY BEIJING 2925
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RUEHIT/AMCONSUL ISTANBUL 3425
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UNCLAS SECTION 01 OF 02 ASHGABAT 000599

SENSITIVE

SIPDIS

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SUBJECT: TURKMENISTAN RELUCTANT TO SIGN EU ENERGY AGREEMENT

11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) SUMMARY: Neither Turkmenistan nor the other two Central Asian states present at the May 8 EU energy summit signed an EU agreement that would have committed gas supplies to future energy transport projects including Nabucco. Although there is little information shedding light on Turkmenistan's motivations, there are still strong indications that Turkmen officials want to play a key role in providing gas to Europe, but they may want to do so on their own terms. With the country's Deputy Chairman for Oil and Gas heading the delegation, it was unlikely the delegation would have the authority to sign documents with such key political and economic significance, but the fact that a senior Turkmen delegation came to the summit indicates continued Turkmen interest in selling gas to Europe, one way or another. END SUMMARY.

13. (SBU) Turkmenistan, along with Kazakhstan and Uzbekistan, did not sign an EU-proposed framework agreement designed to boost natural gas exports from the Caspian Sea region and the Middle East to Europe, during the "Southern Corridor - New Silk Road" Summit that took place in Prague on May 8. Azerbaijan, Egypt, Georgia, and Turkey signed the agreement, which promises that signatories will receive "necessary political support," and, where possible, technical and financial assistance to facilitate the construction of pipelines that would bring Central Asian and Middle Eastern gas to the European market.

14. (SBU) The Turkmen delegation was headed by Deputy Cabinet Chairman, Tachberdi Tagiyev, and included State Agency for Use and Management of Hydrocarbon Resources Director, Yagshygeldy Kakayev, and Turkmengaz State Concern Chairman, Baymyrat Hojamammedov. Although the Turkmen delegation's participation in the summit demonstrated that Turkmenistan has become more receptive to proposed new energy routes that will serve the EU, the fact that the delegation included only "technical" oil and gas officials but no diplomatic or foreign affairs officials suggests that while Turkmenistan was ready to discuss the technical aspects of

participating in the Nabucco project, it was not ready to discuss the political aspects of the venture.

15. (SBU) A May 8 RFE/RL article claimed that before the summit kicked off, EU officials had expected to get concrete commitments from the Central Asian countries regarding the quantities of gas they would commit to the European market. Although President Berdimuhammedov has publicly affirmed Turkmenistan's willingness to provide gas to the EU, there have been no signs the country has altered its policy of selling gas at its border. Turkmen Government decisions made in the last two years on pipeline diversification -- the 2007 deal with China and recent overtures regarding a new pipeline to Iran -- suggest a reluctance to make concrete political and financial commitments to multilateral projects.

16. (SBU) The Turkmen Government has made clear its unwillingness to engage in activities related to pipeline construction outside of Turkmenistan, but it has on numerous occasions stated that Turkmenistan is ready to export gas to any partner that can make arrangements to transport Turkmen gas from the Turkmen border to a given market. A concrete example of this is the Turkmen Government's April agreement with German energy company, RWE, which reportedly included provisions for the exploration and development of offshore block 23 and probably others. It also contained language that could provide a basis for the company to develop a transport plan to get Caspian gas to the EU states.

17. (SBU) COMMENT: It was no surprise that the Turkmen delegation did not sign the agreement at the summit. President Berdimuhamedov would have been there if the Turkmen intended to sign the document. He is the only one authorized to do so. The fact that the Turkmen

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delegation was headed by Tagiyev rather than Berdimuhamedov may indicate that while the Turkmen Government wanted to send a positive signal to the EU that Turkmenistan remains open to Nabucco, it prefers individual partners over complicated multilateral arrangements. END COMMENT.

MILES